



Cottage Sites | Question and Answer

Updated April 9, 2013

Introduction

This document was written to provide cottage site lessees at Priest Lake and Payette Lake, along with other interested individuals, some information in response to common questions the Idaho Department of Lands (IDL) is receiving related to cottage sites. If there is a question you would like to see covered in this document, please e-mail your suggestion to comments@idl.idaho.gov. This document will be updated with additional questions and answers as needed, and the most up-to-date version will always be available on the IDL Web site at <http://www.idl.idaho.gov>.

Appraisals

Why did the IDL conduct appraisals at Priest Lake and Payette Lake?

The IDL completed new appraisals for all lots at both lakes to establish fee-simple market value of all cottage site lots in anticipation of carrying out transactions that transition the endowment trust land into private ownership. The appraisals also served as the basis on which the 2014 rents were determined.

Who conducted the appraisals? Were there a set of appraisal instructions and a scope of work that outlined how the values were determined? What if I think there is a factual error in the appraisal that affects value of the lot I lease?

The IDL followed a Request for Qualifications (RFQ) process for selecting appraisers licensed in Idaho who also demonstrated experience appraising like property at Payette or Priest Lake. Four appraisers were chosen for appraisal work at each lake. Each appraiser was given the same scope of work.

Each individual appraisal covers the factors considered by the appraiser in determining the fee simple value of a specific endowment lot. The appraisal instructions that were given to each appraiser are available on the "Cottage Site Leasing" Web page under the "2014 Values and Rents" heading of the IDL Web site.

The IDL has extensively reviewed the results of the appraisals at both lakes. However, if you believe there is a factual error in the appraisal for the lot you lease, contact the IDL before April 30, 2013. If the IDL concurs and the error affects value, the IDL will make adjustments or order a reappraisal on a case-by-case basis.

Can I obtain a copy of the appraisal for the lot I lease?

To request a copy of the appraisal for the lot you lease, e-mail your name, IDL lease number, mailing address, e-mail address, and phone number to public_records_request@idl.idaho.gov. Written requests containing the information listed above can be mailed to: Idaho Department of Lands, Attn: Public Records Request, P.O. Box 83720, Boise, ID 83720-0050. Due to the cost of duplication, requests for up to five (5) different appraisals will be provided at no cost by IDL, but requests for more than five (5) appraisals will result in fees charged to the requestor.

Can I contact the appraiser directly about details of the appraisal for the lot I lease?

No. The Uniform Standards of Professional Appraisal Practice (USPAP) prohibit appraisers from communicating with anyone other than the appraiser's client. In this case, the appraisers' client is the IDL, not the lessee(s).

Changes in land values and 2014 rents

What were the factors that influenced the changes in land value?

For lessees at Payette Lake, there is little change in overall land values between 2013 and 2014. In fact, the change in overall values of the lots at Payette Lake will go down by 2.6 percent. At Priest Lake, however, the change in overall values of the lots will increase by more than 80 percent.

A significant factor that influenced the change in overall values at Priest Lake was that the definition of land value applied in the recently completed appraisals differed from the leasehold value definition historically applied in appraisals at Priest Lake. In the recently completed appraisals, the land value means **the fee simple value of the land as “vacant and unimproved,”** or land that is surveyed or platted with some off-site improvements, such as road access and/or access to one or more utilities, at the time of valuation, but excluding any on-site improvements.

Another factor included establishing covenants, conditions and restrictions (CC&Rs), providing for legal access, and recording subdivision plats. As part of the platting (or “Lot Solutions”) process, access roads and utility easements, along with lands for off-site drain fields, were identified and made appurtenant to the lots served. Such amenities did not exist or were not considered in previous valuations of the lots at Priest Lake.

Additionally, the **majority of cottage site lot boundaries at Priest Lake were adjusted in the platting process,** another factor that influenced values. Many lot lines were altered – mainly affecting the depth of lots and some altering lot widths (lake frontage) – during the platting process. Lot line adjustments provided needed legal access for lots, reduced the number of driveway easements needed and removed unmanageable strips of land between lots and main access roads. The new legal descriptions were provided to the appraisers.

Finally, the **change from a mass appraisal valuation method to site specific appraisals** influenced values. Previous Priest Lake valuations were performed using a mass appraisal process employed by a single appraiser. Similarly, valuations performed by the Valley County assessor that were used at Payette Lake also were not site-specific. In anticipation of pending land exchanges, the IDL contracted with four qualified appraisers at each lake to conduct site-specific appraisals that provide fair market valuations suitable for fee simple transactions as well as for leases.

Where can I view the change in value for the lot I lease and subsequent rent change?

Almost all of the lots at Priest Lake and Payette Lake will undergo some change in value as a result of the appraisals. The change in values and subsequent rent changes at both lakes are available on the [“Cottage Site Leasing” Web page](#) under the “2014 Values and Rents” heading.

The lot I lease at Priest Lake now has a “drainfield lot” assigned to it. How was this valued? What happens if the drainfield lot is not big enough when a new drainfield is required?

The drainfield lots are a necessary part of a functioning septic system. Lots that are dependent on an additional area, including drainfields, were not valued separately by the appraisers.

If a drainfield lot cannot accommodate a new drainfield, then the lessee or deeded owner of a state subdivision lot may contact the local IDL Area Office to discuss options available to obtain a new drainfield location.

The drainfield lots included on the subdivision plats are based on data (permit information) of existing drainfields. Existing permits and endowment land management efficiencies were considered when configuring the drainfield lots.

Appeals

Can I challenge the 2014 rent amount?

No. The 2014 rent payment amount cannot be challenged because this is the initial rent payment amount for a new lease that will begin on January 1, 2014. The current lease is expiring along with the appeal options that are contained in the current lease.

For information about valuation appeal options beginning in 2014, refer to the new lease. The 2014 cottage site lease template is available on the [“Cottage Site Leasing” Web page](#).

Can the updated land value be challenged for transaction purposes?

Yes. A current lessee who applies to participate in a Voluntary Single Cottage Site Sale Auction can challenge the updated land value for the purpose of the potential transaction. If the current lessee chooses to apply for the Voluntary Single Cottage Site Auction as a way to acquire the lot he or she currently leases, a new appraisal will be ordered that includes the land value and the value of approved improvements that are legally constructed. The recently updated land value will be used in the appraisal unless it is challenged. The applicant (lessee) pays for the new appraisal – a cost that is covered in the application fee – and the IDL contracts for the new appraisal using the IDL scope of work. After this appraisal, if the valuation of the site (either land or improvements) is challenged by the IDL or the applicant in the transaction, then the requesting party pays for a review appraisal.

Also, if a lessee plans to participate in a land exchange, the applicant for the proposed land exchange can challenge the land value using the process outlined in the [Cottage Site Appraisal FAQ](#). In many cases, though, the lessee will not be the land exchange applicant; a third party broker (representing a land owner) coordinating the land exchange involving more than one cottage site is the applicant. In these situations, the applicant must agree to take on the challenge of land values for individual lots. If a lessee who is participating in an exchange that involves a third party broker contacts the IDL directly about challenging the land value of the lot he or she leases, the IDL will inform the lessee that the concurrence of the land exchange applicant is needed. The applicant then has to pay for the review appraisal. All appraisals, including review appraisals, must be contracted by the IDL to be valid for a transaction involving endowment trust lands.

Two frequently-asked-questions (FAQ) documents – the Cottage Site Appraisals FAQ and the Cottage Site Transactions FAQ – related to these issues are available on the [“Cottage Site Transactions” Web page](#).

If I arrange to have my lot appraised now, will that appraisal be taken into consideration?

No. As the landowner, the State is responsible for developing final instructions for appraisals to determine market value of the endowment trust land.

Improvements

What happens to my improvements if I choose not to renew my lease for 2014?

Lessees are encouraged to refer to the terms of the current lease agreement that covers what is required of a lessee when a lease expires without renewal or enters into default. In short, the contract gives the IDL the right to choose the option most beneficial to the trust.

Rent payment options

My rent went up for 2014. What is the deferral option?

Successful applicants for a 2014 cottage site lease will be given the option to either pay the total 2014 rent payment as prescribed in the lease or elect the deferral option for a portion of the 2014 rental payment. In March 2013, the Land Board approved the IDL recommendation to implement a deferral option for lessees who may need a short-term bridge to be able to meet their financial contract obligations beginning in 2014. The deferral option allows lessees who do not have a mortgage or a lien encumbering the site to defer the increase between the 2013 rental amount and the 2014 rental amount for up to two years at a six percent annual interest rate. A \$250 deferral processing fee is required at the time the deferral option application is submitted. More information on the deferral option is available in the [March 2013 Land Board memo](#) posted on the IDL Web site.

Lease signators

Who can sign the 2014 lease when the lease is held by a trust?

If a lease is held by a trust, the trust must select one member of the trust to sign the lease. Idaho rule and the 2014 cottage site lease require leases to be issued only to an individual or a husband and wife. As far as the IDL is concerned, all notices will be sent only to the individual that signs the lease, and all IDL dealings will involve only that person.

Conflict leases

How does the conflict lease auction process work?

As a result of the July 2012 Idaho Supreme Court opinion in *Wasden v. Land Board*, expiring cottage site leases are subject to the public auction requirement if multiple lease applications are received for the same site. If more than one person applies to lease the same cottage site lot, then the lease is auctioned to the applicants at a “conflict auction.” Conflict lease auctions are closed to the public and available only to the conflicting applicants.

Current lessees and non-lessees have until April 30, 2013 (a statutorily prescribed deadline), to apply for a 2014 cottage site lease. All current cottage site leases expire December 31, 2013 and a list of the expiring cottage site leases is available on the IDL Web site at this link: http://www.idl.idaho.gov/bureau/smr/smr_index.htm

Detailed information about how the conflict lease auction process works, including staggered leases, requirements of lessees and challengers, and other topics is available on the [“Cottage Site Leasing” Web page](#).

Will IDL notify me if someone else makes an application to lease the lot I currently lease? In other words, will IDL let me know if my lease is conflicted?

Yes. If more than one application is received for an expiring cottage site lease, the IDL will send all applicants a letter in May after the application deadline (April 30) notifying them that other applications were submitted for that lease.

Transactions – Direct sale (by public auction) or land exchange

How do I obtain a copy of the recorded plat that includes the lot I lease?

Plats at Priest Lake have been recorded with Bonner County. Official copies of recorded plats are available at the Bonner County Recorder's Office.

Plats at Payette Lake are expected to be recorded with Valley County in the second half of 2013.

Where can I learn more about my options for acquiring fee simple title to the lot I lease?

The "[Cottage Site Transactions](#)" Web page describes the two transaction types lessees can choose in order to acquire the lots – (1) Voluntary Single Cottage Site Sale Auction or (2) Land Exchange.

When can I apply for a Voluntary Single Cottage Site Sale Auction? When can I apply for or participate in a land exchange?

Even though sales for currently leased cottage sites are voluntary – meaning the current lessee decides if a lot is nominated for sale, the IDL prudently cannot allow too many cottage site sales to occur at once and flood the market in a short period of time. The IDL anticipates there will be 1-2 sale auction cycles per year at Priest Lake when access to the sites is possible and 1-3 sale auction cycles per year at Payette Lake with 8-12 cottage sites sold per lake per year. Timing of the auction cycles and the number of sites offered at once will depend on current market conditions, applications, and time of year. Sale auction application windows will occur before a planned sale auction at either lake.

The IDL expects its first sale auction to occur at both lakes in the summer 2013, so the window for application would be in mid- to late-May 2013. More detailed information about the May 2013 sale auction application process will be made available to lessees soon.

Regarding proposed land exchanges, the IDL will schedule pre-application meetings with interested parties at any time and will work directly with the owner/applicant or owner's broker representative of a proposed land exchange.

Informational Materials on Cottage Sites

Frequently-Asked-Questions, Newsletters, Question-and-Answer documents

All available on IDL Web site, <http://www.idl.idaho.gov>

- **Q&A: Cottage Sites** (this document) – April 2013
- **"A New Era for Cottage Sites"** newsletter – March 2013 | [link](#)
- **Overview of the Cottage Site Issue** – March 2013 | [link](#)
- **Cottage Site Appraisal Instructions** | [link](#)
- **FAQ: Cottage Site Appraisals** | [link](#)
- **FAQ: Cottage Site Transactions** | [link](#)
- **Flow chart: Roles in a land exchange** | [link](#)